



## **Homeowner Flood Insurance Transparency and Protection Act**

**U.S. Senator Cindy Hyde-Smith (R-Miss.)**

Risk Rating 2.0 (RR2.0) went into effect on April 1, 2022, despite serious concerns with how the Federal Emergency Management Agency (FEMA) constructed, presented, and initially implemented this National Flood Insurance Program (NFIP) reform. Transparency and oversight for a program intended to affect policyholders on a national scale is necessary before implementation.

The Homeowner Flood Insurance Transparency and Protection Act ensures that NFIP policyholders can elect to have previous premium rates remain in effect until the FEMA Administrator satisfies specific requirements related to the data collection and methodology behind the Risk Rating 2.0 program.

### **Section-by-Section:**

#### **Section 1, Short Title:**

- *Homeowner Flood Insurance Transparency and Protection Act*

#### **Section 2, Chargeable Premium Rates:**

##### **FEMA Requirements include:**

- Making the chargeable premium rates optional vs. mandated, giving policyholders the option to request the legacy approach until FEMA satisfies all requirements
- Requires FEMA to inform policyholders of these options
- Requires FEMA to make available to the public and demonstrate all data and methods used to establish chargeable premium rates under RR2.0
- Compels FEMA to provide individual policyholders with the methodology used to determine their chargeable premium rates
- Directs FEMA to complete and publish a comprehensive assessment of the economic and social impacts of implementing RR2.0 during the 20-year period beginning in the year in which the assessment is made, accounting for: affordability and availability of flood insurance under NFIP, property values, and non-federal government revenues

- Directs FEMA to conduct a public notice and comment rulemaking, which would include a fair, transparent, and streamlined process to manage disputes over chargeable premium rates and other factors with respect to the implementation of the methodology
- Requires FEMA to publish distribution of chargeable premium rates showing all amounts of those rates under different methods to gain more evidence and facts about the impact of RR2.0 on individual counties

**Conclusion:**

FEMA is acting with disregard for the public's rights to understand and be able to reproduce the premiums proposed to be charged. Allowing for full transparency and participation by the public can lend greater legitimacy toward the proper steps necessary to implement such a program. Doing otherwise risks swift declines in residential and commercial property values, and further harm at the expense of the policyholder. RR2.0 should be delayed and the policyholder should be protected at all costs, until FEMA provides the necessary information for this program.

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